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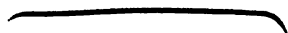
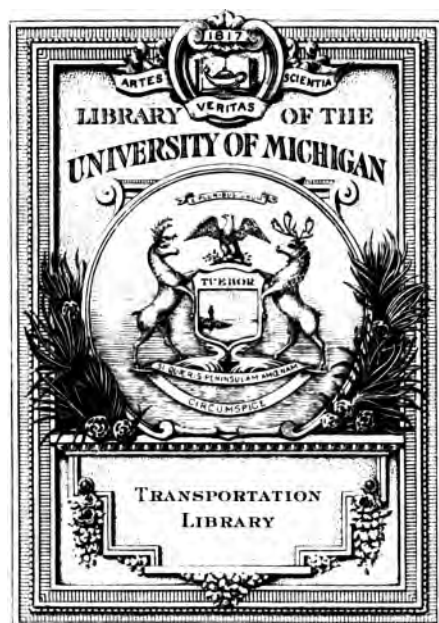
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BUY THE RAILWAYS?

A Question for Everybody.

A Wise Answer by

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SHOULD THE STATE TO BUY THE RAILWAYS?

A Question for Everybody.

REPRINTED, WITH ADDITIONS, FROM THE "BRITISH QUARTERLY REVIEW."

"The most striking, if not the ablest, essay in the number [of the *British Quarterly Review*] is that which treats of the Government Purchase of Railways. . . . Without assenting to the argument, we concede that it is certainly able."

The Spectator, April 12, 1873.

"It is the business of a Government, not to trade, but to govern."

Mr. Gladstone.

BY
A MIDLAND SHAREHOLDER.

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OUGHT THE STATE TO BUY THE RAILWAYS?

THE advocates of a Government purchase of railways are numerous and influential. They boldly affirm that the policy initiated by Charles I., when he made the carrying of letters a State monopoly,—a policy which has lately been developed in the purchase of the plant and powers of the telegraph companies,—ought to be carried to its completion by the placing of our entire railway system in the hands of the Crown.

A Joint Committee of both Houses of Parliament has pointed to conditions under which 'the acquisition of the railways 'by the Government' might be desirable. Public meetings, and the organs of a great political party, have given in their adhesion to the same policy; an honourable member intends shortly to ask the House of Commons to declare that it is desirable that 'the railways of the United Kingdom 'should become the property and be under the control and 'management of the State;' and we are assured that 'Free Railways' may even become a battle-cry at a general election.

The time, therefore, has arrived when the nation at large should begin to concern itself with the position and prospects of a matter of such grave national concern. For this is not a subject for statesmen or shareholders or speculators only—not one of merely theoretical interest or party politics. Every man who travels or who trades, every one who deals in or consumes the product of the manufactory or the soil or the sea, will be immediately affected, in every transaction of life, by the wise or the unwise solution of this problem. A property of almost incalculable value; interests, private

and public, of the greatest magnitude and complexity, are involved. The rights of more than 300 railway companies and of tens of thousands of shareholders, who have constructed thousands of stations and more than 15,000 miles of railway; who employ some 400,000 officers and servants; who convey 375,000,000 of passengers and 169,000,000 * tons of goods in trains that run some 180,000,000 of miles a year; who receive a net profit of £25,000,000 annually, and a gross revenue of £50,000,000,—all these claims have to be adjusted before this vast and now divided property could be consolidated into one undertaking, and placed under the management and guarantee of the State.

In endeavouring to state the main arguments and facts that have to be dealt with, we will, in the first place, consider the subject *financially*.

A common argument for the ownership of the railways by the State may be put thus:—‘Government credit is better than private credit. Railways yield an average profit of about 4 per cent. per annum. Buy them up with money borrowed at about 3 per cent., and there will be a clear gain of 1 per cent. per annum on the transaction.’

This estimate appears simple and satisfactory. But, in making it, some considerations have been overlooked and some elements have been ignored which would inevitably disturb the accuracy of the calculation. Let us suppose that the subject engages the attention of the Cabinet, that a Bill is laid before Parliament, and that in due course it becomes the law of the land. Now what are the principles and methods on which the Government could equitably deal with the several kinds of property which constitute what is commonly described as the capital of a railway company? There is, for instance,

* These are the figures for 1871, and the amounts have since greatly increased.

the debenture stock, bearing interest on a good line at 4 per cent., and worth about £100. At the present moment the holder of such stock has a perpetual guaranteed dividend; and if the State took possession of this property by compulsory purchase, a smaller amount of interest could not be offered to the owner than that which he has been accustomed to receive. But, if so, a Government guaranteed debenture stock, at 4 per cent., would be worth more than par, if Three per Cent. Consols are (say) at 92; in other words, a bonus would have to be given to debenture stock holders, to the detriment of all other creditors of the Crown. Meanwhile, the theory with which we started—that Government could borrow at about 3 per cent.—would have been compromised. How, too, we may inquire, would the Treasury provide a fair adjustment, under a compulsory scheme, for between thirty and forty different debenture stocks, which stand at different values in the market; Midland Four per Cents., for instance, being worth 101, and Metropolitan District Six per Cents. being only 126? Or would all stocks bearing the same interest be lumped together at the same price, the poorest properties being levelled up to the value of the richest?

When these difficulties had been overcome, would not others of a similar nature arise with regard to preference stocks? Of such stocks there are many kinds. The Great Eastern Railway Company has some fifteen classes of them, each with its own peculiarities and rights; the Midland Company has eleven; the Brighton Company fourteen; and the various railways have no fewer than 135 (besides “fixed rentals”): some of which bear a dividend that is contingent on the profits of the current year, others of which are free from this restriction; and others again are, at certain specified periods, convertible into the ordinary stock of the particular company—stock which may at the present moment be at a premium, at par, or at a discount. All these may have the one general designation of ‘preference

stock,' but they are very various in their real and relative values. A preference stock is merely one that is to be 'preferred' to the ordinary; unless therefore a line is worked at a profit, its preference and its ordinary stock may, for the time being, be, in theory, valueless; and the precise degree of probability that the profits of a railway will yield enough to pay interest on the preference capital, is the measure of the market value of that stock. Hence a 6 per cent. preference stock of the Manchester, Sheffield, and Lincolnshire Company is worth only £130, while that of the Midland is £140. All these various degrees of probability would have to be considered, in order to estimate the values of the different preference stocks of different companies, before the claims of the owners of such properties could be equitably discharged.

But suppose that some principle were discovered by which these discrepancies were adjusted, by which the diversified claims of debenture holders, preference shareholders, and holders of fixed rents were satisfied, and by which the British public—who would have to pay the bill—was fairly dealt with; how shall the demands of the ordinary shareholder be met? Would it be enough to pay him the present market price of his shares, or their average worth during the last few years? No; because the value of railway property is increasing. 'For the last ten years,' says Mr. Dudley Baxter, 'there has been an annual increase of the gross profit of the railways of £2,000,000 sterling; and during the last five years there has been an increase of £1,300,000 a year in the net receipts.' 'Railways,' remarks Captain Tyler, 'are an improving property; and there is no reason why in the next ten years they might not improve in value as much as in the last ten years. The cost of working expenses would ever vary with the prices of labour, fuel, and material; but there would always be, on the whole, an improvement.' But, if so, it would not be enough for the State to offer the shareholder the mere present

market price of his shares. If the sale of his property were optional, the price of the day would be enough; but what if he does not want to dispose of his property; what if, with the prospects that lie before him, he is eager to retain it, on what terms shall he be compelled to part with it, and to part with it confessedly for the good of other people? Many a shareholder might honestly say:—I did not buy these shares, nor have I held them, nor do I keep them for the interest they yield; but because I have reasonable ground to anticipate that since the construction of railways is limited, and the increase of population is unlimited, traffic will augment in amount, and the profits of conducting that traffic will also augment. Who, for instance, would give £22 for a London, Chatham, and Dover share,—a share that pays no interest, that has not paid interest for years, and that may be many years before it pays 5 per cent.,—except because he is satisfied that that share will hereafter rise greatly in value, and that then he will receive the reward of his patience? Is it not with the same anticipation—not of actual results, but of prospective profits—that North British stock which has just paid a dividend of only 12s. 6d. per £100 share, should be worth £62? And even the best shares in the railway market are largely held, not simply for their present value, but because, though they are costly to purchase to-day, they will be yet more valuable hereafter.

For the State, therefore, to tell the owner of such a property that he shall be compelled to surrender it to the public for the good of the public, at a price that does not take a full account of the future improvement for the sake of which he has been content with small interest or with no interest on his outlay, would be an injustice so palpable that no English Government would propose it, and no class of English people would sanction it. ‘Better far if the railways were paid for as the telegraphs were paid for,’ says an able writer, ‘than incur

'the social dangers which confiscation would involve.' But, if prospective advantages are to be discounted, then an amount will have to be paid to the present owners of the railways of this country greatly in excess of the market price of the day; and what with a clumsy bargainer, with a stupendous transaction, with forced sales, with the payment of cash or its equivalent for future and contingent profits, the account that would have to be discharged would probably exceed the anticipations of the boldest financier.

Some of these considerations came under the notice of the Joint Committee, and the Earl of Derby questioned Captain H. W. Tyler, R.E., Inspecting Officer of the Board of Trade, with regard to them. Assuming that the purchase money would amount, in round numbers, to only £500,000,000, the earl asked Captain Tyler if he thought that those who had previously been receiving an average return of 4 or $4\frac{1}{2}$ per cent. would accept a Government 3 per cent. stock in lieu thereof. 'No,' replied Captain Tyler, 'I should not offer such terms.' 'Then,' said the earl, 'you would offer them a larger nominal stock than the amount of their present capital?' To this question Captain Tyler replied that he thought it might be undesirable to give 'in public' a reply. But, to the further inquiry, whether in his judgment it would be possible 'to substitute for the present railway stock, yielding an average of $4\frac{1}{2}$ per cent., a Government stock to the same amount, yielding only $3\frac{1}{2}$ per cent.,' * Captain Tyler answered that it did seem 'an enormous operation, no doubt;' but he appeared to find relief from the difficulty in the consideration that 'when you come to look at it, you are only substituting one for another. You are only giving a man Government paper instead of company's paper for his holding in

* The accounts for 1871 show that in that year the average dividends on ordinary stocks amounted to 5·7 per cent., and the fixed interest on preferred stock to 4·42 per cent.

a particular railway.' 'Exactly,' rejoined the earl; 'but you are giving him $3\frac{1}{4}$ per cent. instead of $4\frac{1}{2}$ per cent.; and the success of your operation, as I understand it, depends upon his being willing to accept that change?' To which Captain Tyler assented so far as to say: 'You must certainly not give him less than he is receiving at present. He would not take it, and it would not be fair to offer it to him.'

Such are some of the preliminary financial problems that have to be considered before any action with regard to the purchase of railways could be contemplated; and by the time they had been equitably adjusted, the amount of the cost of the undertaking would be seen to be largely increased. If Sir R. Blennerhassett, in recently urging upon Parliament the adoption of the Irish railways, computed their value at twenty-two years' purchase, or £22,963,270, which he said was 'an extravagant estimate,' and yet candidly allowed that (with a couple of millions more to provide for re-stocking the lines, and for repairs) 'the whole thing' would cost the country £30,000,000; if the Marquis of Clanricarde lately thought it worth while to make a formal application to the holders of Irish railway stock, whether they would be content to part with their property at an advance of 25 per cent. upon its present market value; if 'the best authorities calculate that it 'would take something like £40,000,000, if not more, to buy 'the Irish lines;' then we leave the reader to estimate what would be the sum required to purchase on similar terms the railway property of the kingdom—a property on which, in the year 1871, £553,000,000 had been expended.

When Mr. Biddulph Martin recently estimated that the railways of the kingdom could be bought for £600,000,000, he appeared to forget that the data from which he was calculating were, in effect, nearly two years old; that Parliamentary Committees were actually sitting for the purpose of considering bills which would involve large additional outlay; and that

before many weeks of the present session have passed, the total amount authorized to be expended on the improvement or expansion of our present railway system will reach a sum of 700, or 750 millions sterling. No wonder, then, that Mr. Horatio Lloyd estimates the cost of the purchase of such a property at not less than £800,000,000; that Mr. Newmarch, the banker, believes it would reach £1,000,000,000; and that Mr. Allport does not consider that it could be obtained for even that amount. The fact is, as *The Times* says, 'We do not know within some 'hundreds of millions what the actual price might be;' and the *Daily News* truly remarks that 'the magnitude of such 'a measure might well stagger the boldest financier. The cost, 'we believe, would not be far short of a thousand millions sterling, and the raising and payment of so vast a sum, though it 'would be substantially a conversion of railway securities into 'Government debt, would almost convulso Lombard Street, and 'would certainly require no little delicacy of management.'

The stupendous proportions of these financial problems appear sometimes to have staggered even so courageous a theorist as Captain Tyler. When pressed by the Joint Committee with some of the 'difficulties and disturbances' that would arise, he urged that, instead of the State by one supreme effort acquiring the ownership of the plant and powers of the railways of the kingdom, the work might be undertaken piecemeal.* The property of one company might, in the first instance, be purchased; and when the adjacent lines had begun to feel 'all 'the disadvantage of competing with the Government,' the State might proceed to buy up other lines 'one line after another.'

* If Captain Tyler will allow us the use of so irreverent an illustration, we would suggest that his piecemeal plan reminds us of the gamekeeper who, wishing to reduce the proportions of his dog's tail, arrived at the conclusion that so severe an operation ought not to be performed all at once; and accordingly decided to get over the difficulty by what he considered the more humane method of cutting the tail off—a *joint at a time*.

But, 'do you think it would be possible,' inquired Mr. Hunt, 'or do you think it would be allowed, that the Government should purchase a line running parallel with another line still left in the hands of a company?' 'Yes,' replied Captain Tyler; 'I think if the Government makes terms with one company and buys it up; if another company felt itself aggrieved, it would come forward and say, "You are going to do us an injury;" and then the Government might reply, "Very well, if you think so, we are ready to buy you also on fair terms."' But in order to do no injustice to Captain Tyler's extraordinary—we hope—unique views on public equity, we will quote the passage *in extenso*.*

Mr. Hunt: We will take the Midland and the London and North Western lines, which are in a great measure competing for a great part of their traffic. Supposing that the State purchased the Midland and worked it for some years, would not that have the effect of depreciating the property of the London and North Western?

Captain Tyler: Not unless they worked it at reduced rates and fares, so as to oblige the other company to reduce their rates and fares in proportion.

Mr. Hunt: Supposing that the State undertook the working of a railway, there would immediately be a demand on the part of the country that it should be worked to the advantage of the public, and not to the profit of the Government or the State; would there not?

Captain Tyler: Yes; clearly that would be the only object of the Government taking the railways.

Mr. Hunt: Then there would necessarily almost be a reduction in the rates and fares on the part of the Government?

Captain Tyler: Yes; that would be so.

Mr. Hunt: If that were so, the property of a competing company would be depreciated?

Captain Tyler: Clearly.

Mr. Hunt: Would it not be unfair to allow the Government to

* Report from the Joint Select Committee on Railway Companies' Amalgamation, 1872. Questions 7,028 to 7,030.

purchase that competing line, and to depreciate by means of its operations the property of the other company, and then to purchase it when they had depreciated it?

Captain Tyler: I think that would be an unfair course for the Government to pursue, unquestionably, to go and buy up one line for the purpose of competing with others and bringing the price of their property down; but I do not think it would be unfair if it were done in a proper way, and if the Government were to offer both competing lines fair terms, and then to say, 'Well, if you will not accept fair terms, we will buy up only one line instead of both, and you must take the result.'

But we must leave Captain Tyler to resolve the interesting problem of how what he admits to be 'unquestionably' an 'unfair course,' would be made quite fair '*if it were done in a proper way*'! On this point we will only add that, though Captain Tyler remarks that the bargain might be made 'with one line at a time,' the leading journal says: 'A partial right of purchase might be worth practically very little indeed. The State must have all or nothing; for any imaginable price might be asked for any line or portion of a line required to complete the system.' Similarly, the *Spectator* observes: 'As to the "taking over" price there is a difficulty. The Premier, who brings in the measure, must keep the secret as faithfully as death; then he must fix the price for the purchase of the whole.'

We have thus far been considering the terms on which we have supposed that a bargain might be made between the Crown and the present owners of railway property. But there is another person, whose presence we have hitherto ignored, who would watch with eager interest every step in these proceedings, who would even anticipate every turn of events, and who, with astute calculation, adroit manipulation, and daring enterprise, would endeavour to turn every incident to the furtherance of his private advantage. Need we say that we refer to the speculator? There is not a circumstance, from the first

rumour of the intention of the Government down to the payment of the last pound to the last shareholder, in which, regardless of every interest but his own, he would not concern himself. Tens of thousands, too, who had never speculated before, would rush in to gamble for a part of the stupendous prize. No sooner was the earliest whisper heard that the State would perhaps purchase the telegraph companies, than the shares rose enormously in price; * mere priority of information, with regard to the progress of the negotiations, enabled men who previously never held a share, to make vast fortunes in a few weeks; and we venture to assert that, when the secret history of that transaction is written, John Bull will open his eyes a great deal wider than he has done for a very long while. † If, last year, a forged telegram, that the Sheffield company was about to be absorbed into the Midland, led, in a few hours, to speculation in Sheffield stock to the extent of millions sterling, what would be the condition of the Stock Exchange when a thousand millions of money had become the football of gamblers? Is it, also, too much to say that at such a time, a little earlier private intelligence with regard to the development of affairs might be worth to the fortunate receiver of it — *millions!* Every change in that series of events would be

* While these sheets are passing through the press we observe that 'the question of a purchase of the American telegraphs by the United States Government' is 'attracting attention,' and that the quotation of the stock of the Western Union Telegraph Company, by whom a majority of the lines is held, has risen from 70 to 94.

† Startling facts bearing on this subject have already transpired, at which Mr. Allport hinted in his recent speech before the Statistical Society. 'What,' he asked, 'did the Government do in the case of the telegraphs? They gave thirty years' purchase on the enhanced price of a property *which the sellers had not in their possession.* In the case of the Midland Company, for instance, the greater part of the wires and instruments belonged to the company, which had an agreement with the Electric Telegraph Company expiring about the end of 1873 or the beginning of 1874. The Government gave the Telegraph Company thirty years' purchase; but the Government has yet to buy what belongs to the Midland Company, and an arbitration as to the amount to be paid is now pending.'

discounted and speculated about on every Stock Exchange in England, and perhaps in the world. Property of enormous value would change hands. Capital to a yet more enormous sum would have to be created, or liabilities to a like amount would have to be incurred; the national debt of this country would stand at not less than £2,000,000,000 sterling; and even if, in the direction of so stupendous a transaction, every official were incorruptible in integrity, and inviolable in secrecy, nobody would believe it. Suspicions of a different hue would be rife—suspicions that would impair the national confidence in the equity of all government, that would compromise the relations of public life; and the moral sense of the community would receive a shock from which it might never recover.

Let us imagine, however, that, as by the stroke of an enchanter's wand, all these difficulties are overcome. The bill, whatever it may be, is paid, and the State has possession of all the railways in the land. But if the Government is for the future to regulate the traffic of the country, would it be able to do this unless it controlled not only the railroads but the other great highways of the nation's commerce? When the Government undertook the charge of either the postal or the telegraphic business, it insisted on a monopoly: would it be possible to conduct public traffic in some directions without doing so in all directions—to control it in some ways without doing it in every way? There are great navigations that are worked in daily and direct connection or competition with the railroads: could any uniformity of system be devised on the land, if the conditions were constantly liable to be disturbed by the traffic on the water? In fact, would it not be inevitable that, if the Government took into its hands what Sir R. Blennerhassett calls 'the great iron highway of modern civilization,' it must also have possession of those great water highways which intersect these islands and wash their shores?

To this subject the attention of the Joint Committee was

directed; and this problem was presented for the solution of a witness who may be presumed to be well qualified to deal with it, and who answered the questions proposed to him with, on the whole, a commendable consistency. Sir William Wright, chairman of the Hull Docks Company, admitted that the canals belonging to the railway companies should also be purchased by the State. But, it was asked, if the proprietors of other canals wished to dispose of their property to the Government, or if it were thought necessary, in order to regulate traffic rates, that control should be obtained over those navigations, should they not be purchased by the State. And Sir William gave an affirmative reply. But if the Government went thus far, must it not go farther? Mr. Childers pressed these inquiries, and obtained answers which indicate the goal to which State control of railways appears logically and inevitably to conduct.* 'Suppose,' he said, 'that railways and canals were placed under the Crown, ought not the docks—which are intimately connected with railways—to be similarly dealt with?' and the case of Hull, with which Sir William was connected, was cited. 'I should,' he replied, 'have no objection whatever.' 'You are aware,' continued Mr. Childers, 'that some railways have also lines of steamers; should those steamers be purchased by the Government?' 'I think,' was the answer, 'if they belong to the lines of railway they must follow;' and eventually he admitted that the docks at Fleetwood, Liverpool, and even London, must be included in the same category, and be purchased and amalgamated under Government control, along with the carrying trade and agencies connected therewith. But if railways are to be appropriated

* The most severe competition takes place between the railways and the coasting steamers to and from the ports of the north-east coast and other ports; and the steamboat proprietors would not be satisfied to see the railways and canals in the hands of the Government, and themselves left out.—*Mr. Allport.*

by the State, ought not the tramways and the small-gauge lines that have been contemplated, and the omnibuses, to be placed under the same control? 'I do not know,' said Sir William, deprecatorily, 'that it is necessary to go down so low as that . . . but if you could not get omnibuses you would have to provide them at the cost of the State.' 'You think it would be a public convenience that the omnibus system, the cartage system, the tramway system, and other proposed cheap system of communications also, should all come under the control of the State?' And the emphatic answer was, 'I do, decidedly.' Broadly, he expressed his belief that 'the carrying trade generally should be in the hands of the Government;' and with some qualification, he added, 'both by land and by sea.' He was asked whether 'all the internal carrying trade, and all the foreign carrying trade, which either is in connection with railway companies, or which would not be established by private enterprise without that connection, should be in the hands of the State;' and his answer was 'Yes.' Under favourable circumstances he saw no objection to the State being the owner both of the home and of the foreign steam carrying trade; for, he added, 'Wherever the steamers which are absolutely required for the conveyance of traffic are not already in existence, I think the State ought to have the alternative of placing them there.'

The consistency of Sir William's position we do not deny; but our readers will admit that by the time the State had undertaken these responsibilities—railways, tramways, canals, docks, home and foreign steam carrying trade—or even any considerable part of them, the estimate of the capital that had to be paid by the State for their purchase would have passed out of the region of arithmetic into that of imagination.

Having thus dealt with the subject in some of its financial bearings, let us, in the second place, look at the effects that would be likely to accrue by the substitution of Governmental

for private *administration*. It has been suggested that benefits would accrue by the proposed alteration in the following respects:—(1) economy; (2) avoidance of useless lines; (3) reduction in the number of duplicate trains; (4) freedom from accident; and (5) adoption of uniform rates.

1. With regard to the economical advantages to be secured by Government administration of railways, some imaginative advocates of State purchase appear to anticipate the most remarkable and even irreconcilable results. They tell us that Government railways would have this inestimable advantage, that they would not be worked primarily 'for a profit;' and yet almost in the same breath, we are assured that the profits of Government railways would be so considerable as perhaps to lead to even some substantial reduction of the national debt. Now we may reasonably demur to both these arguments being advanced at the same time. For if railway rates and fares were, under Government administration, to be maintained at something like their present amount, the immediate pecuniary benefits of State purchase to the community would not be obvious; while if the rates were lowered to the point of 'no profit,' there would certainly be no early diminution of the national debt. At any rate, both these horses must not be ridden by the same person at the same time, for they run, and can only run, in exactly opposite directions.

But, regarding the subject in a more prosaic and practical light, we at once allow that a vast economy might have been effected if Parliament had at the outset undertaken the responsibility of determining, in a comprehensive scheme, what should be the railway system of the future. But we must deal, not with what *might have been*, but with *what is*. The Governments of the past have shown no such prescience, and have adopted no such methods; they have not even laid down any great principles by which railway enterprise might be controlled or encouraged; and individual committees of either House

have been led by the different moods of the times, or by the private judgment of their members, to pronounce decisions as diversified, not to say as paradoxical, as can well be imagined. But it is no use crying over spilt milk. Whatever loss has been incurred in such contests cannot be recovered. The battles have been fought. The money has been spent. And if Parliament should decide to buy the property on which all this outlay has been incurred, the amount would have to be recouped to those who, in every instance, with the immediate sanction of Parliament, have paid it.

In referring to the subject of the supposed diminution of cost by Government management, Mr. Allport—the most experienced and eminent authority in railway matters—stated his views before the Joint Committee.

Marquis of Salisbury: You expressed a very strong opinion against the taking of the railways by the State; and you said that you thought there would be no inducement to manage them as economically as the railway companies do. What inducements have railway companies to manage economically?

Mr. Allport: To pay a dividend. A railway company's manager and officers have first of all the directors to consider, and then the directors have the shareholders, and of course the shareholders are looking for dividends.

Marquis of Salisbury: Do you not think that the House of Commons looks as keenly at dividends as shareholders?

Mr. Allport: I think certainly not.

Marquis of Salisbury: You think, do you, that the control of the House of Commons over ministers is smaller than the control of shareholders over directors?

Mr. Allport: I do.* I do not see how it is possible for the House

* The control of the House of Commons over the Government on subjects of high public or party policy is doubtless supreme; but over matters of financial detail it is *nil*. Mr. Cobden stated that he had been in Parliament for twenty years, and that during that period '£500,000,000 had been voted under the head of army and navy estimates, and he had *'never known a single item reduced or altered.'*

of Commons to have any control over the management of railways it can deal only with general results.

Marquis of Salisbury : It is your experience that shareholders have had control over the management of railways ?

Mr. Allport : To a very considerable extent they have. The directors have, at any rate, and they are responsible to the shareholders.

Marquis of Salisbury : Do you not think that there are many elements of economy which would be found in a universal management, whether by a company or by the State, which would not be found in a separate sub-divided management ?

Mr. Allport : I fail to see them.

Marquis of Salisbury : Do you not think that any saving could be effected if they could all be organized under one plan, and with a view to one interest ?

Mr. Allport : That might result in a saving in a certain direction but, taken as a whole, I think the result would be the very reverse.

Marquis of Salisbury : I suppose you would be prepared to admit that there is, in many instances, a duplicate staff, and that the staff could be diminished economically, and with advantage ?

Mr. Allport : In some instances, no doubt.

Marquis of Salisbury : And there is a larger working power employed in the working of those several railways than would be necessary if they were all one railway ?

Mr. Allport : Upon that I think there is a mistake in the minds of the public ; I do not think that you could save to anything like the extent that people imagine. To take the Midland Railway, again ; you must have a staff. Take any place in competition, Birmingham, for instance, with the London and North Western. I do not think there would be any saving in the staff at Birmingham. Take Derby ; the London and North Western Company are at Derby ; there would be very little saving in the staff. A man can only do a certain amount of work. Take the case of goods ; they can only load a certain number of tons. If they have 1,000 tons to load, and if it is 500 tons to the London and North Western, and 500 to the Midland, if you put the two staffs together they would load the 1,000 tons ; but a staff capable of loading 500 tons would not be capable of loading 1,000 tons.

Marquis of Salisbury : Do you think that if the King's Cross and

St. Pancras stations were worked together there might be a saving of staff?

Mr. Allport: Not very much; as you increase the number of trains you must increase the staff. If the Great Northern ran into the St. Pancras station you must increase the number of porters.

Marquis of Salisbury: That is to say, the same staff, at all events, would produce more benefit to the public?

Mr. Allport: That is very questionable; there might be a little saving, but I question if there would be much saving. And, he added, though economies might in some instances be effected, other sources of extravagance would arise in connection with Government administration which would far outweigh them.

Nor must it be overlooked that the State administration of railways would be heavily burdened with the enormous amount of capital sunk in the purchase—a capital on which it would be expected that a reasonable return should be earned. When it is said that *because* a profit is obtained from the Government post-office, *therefore* there is likely to be a profit from Government railways; it is forgotten that in the former case no capital had to be sunk, and no shareholders' rights to be satisfied; that the Government took free possession of a monopoly and kept it; and that even at the present moment nearly all the actual work of the post-office is done for it by others, viz., by the railways and other public conveyances of the country. The only analogy is to be found in the case of the telegraphs; and even with these the total value of the wires, posts, and instruments, is a mere bagatelle in contrast with the outlay that would be required before the railways of the United Kingdom could become the property of the Crown. It is easy to talk about the State giving lower fares and improved services, 'more accommodation to the public for less money.' But if, with even on the present outlay it is hard enough for companies to get a fair return, what would it be when, as *The Times* suggests, the capital account had been enormously

augmented, if not nearly doubled? The net profits that suffice to pay $4\frac{1}{2}$ per cent. per annum, would then yield only $2\frac{1}{4}$ on purchase money that had been raised at not less than 3 per cent. A dead loss of half per cent. per annum on so vast an amount would at least cripple the efforts that might be contemplated for a more liberal recognition of the requirements or convenience of the public.

No wonder, then, that even in the somewhat sanguine estimate of Mr. B. Martin, the best that could be looked for would be that the working expenses might be so far reduced as to leave a 'small margin of profit.'

'It is certainly worthy of record,' says *The Times*, 'that the members of the Statistical Society, though debating the subject in "a very suitable atmosphere, and before a highly sympathetic audience," do "not look upon the proposed transaction as likely to be profitable, if indeed remunerative, in a pecuniary sense."' "

Finally, there is also this fundamental, if not fatal, objection, to economy and efficiency of all governmental administration of commercial undertakings,—that the strongest motives which ordinarily influence the minds of men, viz., their own immediate interests as managers, directors, and shareholders, would be relaxed. 'The State,' said Mr. Allport to the Government officials and to the peers and gentlemen on the Joint Committee, 'has no interest and no inducement to manage economically. I have never yet known a Government department managed economically. I have had many years' experience in these matters, and I do not think that Government management of any one department will for a moment bear comparison with the management even of companies; and companies' management will not bear comparison with private management. The Government could not do any work cheaper than the companies do. The best managed business is that which one manages for himself; the management by

'companies is less efficient; and business managed by the State is managed worst of all.'

To the second point—that the Government would, if it had possession of the railways, prevent the construction of useless lines—we reply, there are very few, if any, such lines. True, there are railways that are unremunerative to their shareholders, but they are not by any means useless to the districts through which they pass. On the other hand, as we shall see hereafter, the inducements to avoid making unnecessary lines are now far stronger than they would be under State management; *now* those who make a useless railway have to pay for it, *then* a Government department would vote the money out of the public purse; and, as the proverb tells us, it is 'easy to cut thongs out of other people's leather.'

On the third argument—the economy to be effected by a reduction of the number of duplicate trains—there is much popular misconception. It is common to say that there are such and such a number of through trains running, for instance, from Manchester to London, and that fewer would suffice. But while it is true that those trains do carry passengers to and from those two extreme points, it must be remembered that they are also intended for the convenience of a multitude of intermediate towns, which, perhaps, none of the competing railways have in common. Thus, the London and North Western trains from Manchester have to accommodate Stockport, Crewe, Stafford, Rugby, and all the adjacent districts; the Great Northern touches Sheffield, Retford, Newark, Peterborough, and all the tributary streams of population and traffic; the Midland passes through the Peak of Derbyshire, and then by Derby, Trent, and Leicester; and the Great Western Railway—the initials of which, 'G.W.R.,' were said by Lord Grosvenor to mean 'Great Way Round'—runs *viâ* Chester, Shrewsbury, Birmingham, Oxford, and Reading. Therefore, though Manchester has more trains to London than

its own traffic requires, yet if some of the through trains on any of the routes were taken off, the districts which they had accommodated would be deprived of what to them has become a necessity both for business and pleasure—they would quickly suffer and would loudly complain.

Fourthly. Whether Government administration of railways would, as some seem to suppose, insure immunity from accident, may well be open to dispute. Doubtless, mistakes are made and accidents occur under the present system, and infallibility will never be attained so long as so much has to be left to the work of three or four hundred thousand fallible human agents, whose clearness of vision will sometimes fail, whose vigilance will sometimes tire, whose judgment will sometimes err. But Government officials would also be liable to imperfection. Even the simple routine work of sorting our letters and putting them in bags is not accomplished without inaccuracy; and on a recent occasion, when a post-office van was sent to Derby for repairs, the Midland Railway carpenters found dozens of letters, some of them several years old, stuffed away in the chinks and crevices of the woodwork. In the telegraph department—as our readers may have found to their cost—the Government expressly refuses to be answerable for the mistakes of its servants; and in a town, for instance, like Nottingham, the telegraphic messages are so long on the road, that the markets alter before a reply can be received, and (as a stock-broker remarked only the other day), ‘it is hardly possible now to do business at all.’ Surely, if any one supposes that Government administration means freedom from error and accident, he needs only to be reminded that it was from amidst the boundless appliances and cost of a naval dock-yard that the *Megæra*—with rotten iron plates—was despatched to the East; and that the *Captain*, with 500 souls on board, went to the bottom of the Bay of Biscay.

Nor must it be forgotten that railway authorities are

constantly employing fresh means and costly appliances in order to insure the greater safety of their passengers. The Midland Railway, for instance, is now expending £60,000 a year on the block and interlocking systems, besides wages and material to the amount of £130,000—a sum which, together with interest on outlay, would require £260,000 a year, or £5,000 a week of additional gross receipts to pay for. The result of all these efforts is, that at the present moment, though more than 10,000 trains run, and carry 1,000,000 of passengers, every day—yet, if we take the same number of the population for the same number of hours, it will be found to be literally true that it is safer to be in a railway train than out of one.

The only point that remains to be considered with regard to the supposed superiority of Government to private administration of railways is that which relates, fifthly, to an equalization of rates throughout the land. The complaint is frequently made that there is not uniformity of toll by railway companies for the carriage of goods, and that it would be better if a fixed law were adopted, charging precisely the same sum per ton per mile, from everywhere to everywhere.

Now how, may we ask, have existing discrepancies in the charges for goods arisen? And we may answer the question by a fact. Not long ago an ironmaster from the Erewash Valley went into the office of the General Manager of the Midland Railway. ‘I want,’ he said, ‘to tender for a contract for a large quantity of iron. It is for a foreign Government—25,000 tons to be delivered. The Cleveland district and South Wales will also tender, and they are on the sea. We find no fault with your ordinary rate for ordinary quantities; but this is special; and if you can for this large amount give us a special rate we shall have a chance; otherwise we have none.’ ‘When do you want the rate?’ was the inquiry. ‘To send off by to-night’s post.’ The special rate was granted, and the tender was accepted.

Now, if this interview had occurred in a Government department, the official would have said: 'We cannot entertain any special cases; what does it matter to us whether Derbyshire loses the contract, and South Wales gets it? Our rules cannot be relaxed.' And the effect of such a policy would be that the already rich districts on the coast would absorb foreign orders, and become overgorged with prosperity, while the staple trades of all towns less advantageously situated would dwindle and die. By the adoption of a fixed mileage rate for all quantities and distances, the country would suffer as much as the trade. London, for instance, could no longer be fed every year with hundreds of tons of meat from Scotland, but must be satisfied with the flocks and herds of the Midland counties; vegetables could not be brought from the far West; and the metropolis would have to look to the coasting trade and to Derbyshire for its supply of fuel. By such a policy the producer and the consumer alike would suffer; the trade and commerce of the whole country would have to be readjusted, at infinite loss and cost, to the new condition of charges; and the only individuals who would be gratified amid all this national ruin would be the admirers of a theoretical but disastrous uniformity.

Hence the question recurs, May there not be a modification of a rate, when the quantity of a particular class of goods that is despatched, or the distance travelled, is unusual? Derby, for instance, was for many years a principal seat of the silk trade; and it was no uncommon thing to send to that town from London, by a single train, five or six trucks of silk, each truck load being worth some £3,000. Such a quantity of silk would not be taken from the metropolis to any other town of equal size to Derby (not a manufacturing town) in several years. Now, if an equalization of rates were adopted, the inevitable result would be that, in order to give the railways a remunerative rate, the charge for larger quantities of silk would

have to be levelled up to the highest, instead of being varied down to the lowest.

Similar facts, with regard to other classes of goods, were stated by Mr. Allport to the Joint Committee. He mentioned that the ordinary rate for iron on the Midland system, for distances of fifty miles or less, is a penny per ton per mile; this amount being necessary to remunerate the company for the cost not only of transit, but of station accommodation. On the other hand, the through rate from the Cleveland districts to the manufactories of South Staffordshire is much lower. But if the company were compelled to equalize its rates—or if the Government, having charge of the railways, were to have equal rates—either the iron from the shorter distances would be carried at a heavy loss, or it would be necessary to adopt a uniform higher rate, by the operation of which the iron from the North of England would practically be excluded from the Midland districts, and a monopoly of the trade would be enjoyed with the producer nearest to the seat of consumption.

The same principle would apply to the conveyance of coal. The Midland Company carries in a year some 9,000,000 tons of coal, of which nearly 2,000,000 tons go to London at a low rate for the long distance; but if the company were compelled to take the remaining 7,000,000 tons at the same charge, the London trade would have to be abandoned—to the serious injury of both the company and the capital.

Evidence on this subject was given at great length before the Royal Commission of 1866. Mr. James Grierson, on behalf of the Great Western Railway, stated that an uniform rate throughout the country would act very prejudicially to trade in various ways. It would tend to throw all exports into the hands of those who happened to be at the coast; and South Staffordshire would have no chance of competition with the iron districts of Middlesbrough and South Wales. The rate, too, that would be reasonable for iron from Wolver-

hampton to Basingstoke, where 100 tons would probably be all that was required, would be a heavy burden for the 100,000 tons a year that are wanted for London.

‘One witness suggests,’ said Mr. Grierson, ‘that the passenger fares over a line, such as the Carmarthen and Cardigan Railway, where the population over the whole distance within three miles of the lines is probably not above 20,000 persons, should be as low as those on the North London Railway, which passes through a city with a population of between 2,000,000 and 3,000,000: but the circumstances are so evidently dissimilar that unless the metropolitan fares were raised considerably the attempt at an uniform scale would be a source of serious loss to the Carmarthen and Cardigan, and other similar lines passing through agricultural districts.’

‘We ought,’ said Mr. Nicholson, of Derby, ‘to have an average rate that should be arranged by a combination of the different railways; and they should agree upon a certain rate; let us have an uniform rate, so that we shall not know the difference between one line and another, but have one regular charge all over the kingdom, and so that we can all work on an equality. A congress of different railways could agree on what would pay them, taking one with another, as an average rate, and I think no one would object to pay that rate.’

But though such a theory seemed simple, many practical difficulties would at once appear. ‘Do you mean,’ asked Mr. Ayrton, ‘that a railway company that profits by such average rate is to pay over part of its profits to a railway that would lose by the average rate?’ But Mr. Nicholson replied that that was a question he could not go into; he must leave it for the companies’ own manipulation.

‘I presume,’ said Lord Stanley, ‘if one line is made between two great towns, say between Liverpool and Manchester, and if another line is made, say through the Highlands of Scotland, there would be a great deal more traffic on the former line than upon the latter; and where the traffic is greater, and the trains are fuller, it is possible to carry passengers and goods at a cheaper rate?’ ‘Undoubtedly.’ ‘Do you think,’ continued his lordship, ‘that an equal mileage rate in each of these cases would be just?’ ‘No,’

replied Mr. Nicholson, 'I cannot say that it would in that case; as a matter of course I cannot say it would be.' 'Then you are not in favour of an uniform mileage rate throughout the kingdom?' 'I cannot,' he frankly added, 'in the way in which your lordship puts it before me, say so.' It also transpired that this gentleman had applied to the Midland Company for special variable reduced rates, to enable him to compete with seaborne salt in towns on the coast, and had obtained and used them. 'But is it not,' inquired one of the commissioners, 'rather inconsistent on your part to ask for an uniform mileage rate, which would give you the preference as to the supply of the inland towns, as against the Cheshire works in the southern parts of the country, and then to ask for an exception to that uniform mileage rate in order to give you another advantage for shipping purposes?'

Mr. Corbett, of Stoke, near Bromsgrove, gave evidence on the same subject. He employed 350 or 400 salt vans of his own, and sent to London about 24,000 tons of salt a year. He endeavoured to establish the superiority of an uniform rate, but failed to vindicate its practicability. His complaint was that, while his works were situated 129 miles from London, and he paid 9s. a ton to Camden Town, the Cheshire Salt Works, at Winsford and Middlewich, which were 165½ miles from London, paid only 9s. 6d. a ton. 'I,' he said, 'do a very 'large portion of the London trade, perhaps 75 per cent. of it, 'and my competitors, who are at a distance of 165 miles, get 'to London within 6d. a ton the same as I do.'

It thus appeared that, although these Worcestershire works had enjoyed 75 per cent. of the London trade, their owner was anxious that measures should be adopted by which the Cheshire manufacturers should be excluded from the London trade; a result which might be advantageous to the particular manufacturer, but certainly not to the metropolis. The inconsistency of this position was pointed out by Mr. Roebuck.

Do you not think, inquired Mr. Roebuck, that the more dis-

tant manufacturer may come to the railway company and say: If we have an equal mileage rate we cannot trade, say, to London; but if you put in a less mileage rate we can; it would be for the interest of the railway company to reply, Very well, we can carry your goods with a profit at the less rate, and therefore we will charge you a less rate than if you were nearer.

Mr. Corbett: I certainly think so. I am not blaming the railway company.

Mr. Roebuck: If that is the case, if it benefits the manufacturer and benefits the railway company, how can it be considered a misfortune to the public?

Mr. Corbett: Perhaps in the general sense of the term it is not.

Mr. Roebuck: Then all that you seek is your own private and particular benefit at the expense of the public?

Mr. Corbett: I take the same view as the public. You must remember that the public is made up of manufacturers and traders, and I believe that the general opinion is that there ought to be something like uniformity.

Mr. Roebuck: Will you mark the steps that I took in the questions which I put to you? I ask you if it is not for the benefit of the manufacturer, and you say it is; I ask, is it not for the benefit of the railway company, and you say it is; and it is for the benefit of the public, because they get a larger quantity of salt offered to them; then all those three parties are benefited, and the only party not benefited is yourself?

Mr. Corbett: I am not so sure of that.

Mr. Roebuck: Have you not made those admissions to me as I went along?

Mr. Corbett: I may not look upon it exactly in the same way as you do.

Mr. Roebuck: I see that you do not look upon it in the same way that I do, because I am considering the public, and you are considering yourself; but I have now brought you step by step to show that it is for the advantage of the public that that should be done, and I want to know why we or the Government should be called upon in any way to alter that state of things?

Mr. Corbett: I have always calculated that it was only a matter of equality between manufacturers, that the railway companies should carry as nearly as may be at something like equal mileage

rates. Of course it is for this commission and for the Government to judge whether my opinion is right. I only give my opinion of the state of the facts, and if you differ from me, that is the natural consequence of looking at it from another point of view.

With this subject Captain Tyler gave valuable evidence. But in doing so he at once abandoned the hope of securing that which, with some, is the chief argument in favour of the State purchase of railways—uniformity of mileage rates.

On being asked by the Marquis of Salisbury, whether the difficulty of equal or unequal rates had presented itself to his mind, he replied that he could not see anything in it. He did not see why, 'the State should be obliged to provide equal 'mileage rates over the whole railway system ; he thought that 'any State department that attempted such a thing would be 'simply foolish. I do not think,' he declared, 'that if a 'State department managed, it would ever dream of coming 'to equal mileage rates ;' and he subsequently remarked that there would be no possibility of making equal mileage rates over the whole of the country, and therefore he thought that 'might at once be thrown out of the question.'

But while there are almost insuperable practical difficulties to the working of an uniform mileage rate, we, at the same time, freely admit that, if the Government administered the railways, such uniformity of rate would not only be preferable but indispensable. Whatever hindrances were put upon trade ; whatever ruin was inflicted upon inland towns ; whatever readjustments became necessary of the commercial relations of this country—still a fixed scale of mileage charge for any and every distance would be unavoidable. For, to put a discretionary power into the hands of any set of Government officials, enabling them to control the terms on which tens of millions of business transactions are now carried on, would be to place at their absolute disposal the private fortunes and the commercial destinies of the land

Into other objections to the State administration of railways our space forbids us to enter ; but they are numerous. Would there not be, for instance, what Mr. Hugh Mason suggests, 'great danger of an entire absence of that elasticity which characterizes the present management of railway property ?' In other words, before the public could get relief from any 'particular grievance, there would have to be unrolled an 'enormous quantity of red tape ? There would be the laying 'down of hard and fast lines for the government of railways, 'which would be found incompatible with the ebbs and flows 'of railway traffic.' Again, would an English Government be willing, after all ordinary questions of the patronage and promotion of their men had been determined, to come into contact with Trades' Unions, and to deal practically with the constant agitation going on among all classes of railway servants for shorter hours of duty and higher pay ? The free warehousing of goods, clearing and shipping at the ports, long credits, and other kindred problems would have to be considered, and would probably end in the withdrawal of existing facilities, and in the introduction of all the other objectionable modes of dealing with goods traffic which are found to prevail in France, Belgium, and Germany. Would it, too, be prudent 'to 'allow a system of private lines to grow up that might form 'a nucleus of larger undertakings which must either enter into 'competition with State railways, or be bought up hereafter ? 'There is more than one instance on record of a combination 'of colliery owners constructing railways and docks in competition with existing lines, and doing it successfully. Would 'this be allowed or not ?' These and a hundred other problems would have to be solved before it could be shown to be advantageous for the State to undertake the administration of our railways.

Having thus dealt with the subject financially and administratively, we may refer to its bearings *politically*.

‘Suppose,’ remarked the *Daily News*, when discussing the question of a Government purchase of the Irish lines, ‘all hesitation on other grounds to have been overcome, and the State had undertaken to be the common carrier of that country. From that hour the Government would be the largest employers of labour in Ireland. Its servants and officers would be everywhere, and as these multiplied, the pressure upon members of the House of Commons, who would be asked to further their interests, would be multiplied. Does anybody believe that it would be good either for Ireland or the Government that ministers should have a whole army of railway officials in their employment? Again, as soon as it had assumed the management of the railways of Ireland, the Government would be regarded as responsible for the prosperity of every undertaking which is in any degree dependent on railway locomotion. We may see this from Sir Rowland Blennerhassett’s recital of the grievances of the Irish public against the present owners of the railways. His speech was full of cases in which farmers, brewers, proprietors of mines, and others conceived that they were injured, because their goods were not carried at low rates. Perhaps they were; but questions of this kind, which may easily be settled between traders and carriers, are not such as ought to come before a Government for decision. No doubt, as the advocates of this plan said, Ireland has many mines and other undertakings, the success of which is a simple question of carriage. Imagine a Government being told, at a time when the price of ore or any other produce falls in the market, and profits are ready to vanish, that the alternative of the continued employment or discharge of bodies of men depends on its resolution. As Sir Francis Goldsmid observed, “the lowering of the rates would become a hustings cry.”’

And if anything like this were true—and true it would be on even a much larger scale with regard to the railways of England and Scotland—would it be possible to administer so vast a machinery without some contingencies arising that would affect the theory and practice of constitutional government itself? ‘How many supply nights,’ naïvely inquired Lord Redesdale, ‘do you suppose would be required for railway business?’ And would there be no danger of the conduct

of the traffic and trade of the kingdom being affected by political and party influences? Perhaps it may be replied that such an argument, if good, would also apply to Government administration of the post-office and the telegraphs. And we are not careful to deny that there is force in the comparison. The authorities in both those departments are not inaccessible to the persuasions of political expediency. An illustration of this fact recently came under our notice. The attention of the authorities at St. Martin's-le-Grand was called to the fact, that certain of their subordinates were acting in direct disobedience of the spirit and the letter of the official instructions, and were doing so to the inconvenience and loss of the public and of the Post-office. A tedious correspondence ensued, and a considerable quantity of foolscap was consumed; but all in vain. At length, accidentally, the matter was mentioned to an influential member of Parliament. 'Oh!' he exclaimed, 'the action of the Post-office is absurd; I'll get Hartington to alter it.' And in a few days 'Hartington' did alter it. Where arguments and facts were powerless, political pressure immediately prevailed; and it is matter of common complaint, that the Post-office is almost inaccessible to reason and persuasion, but that it yields before the vulgar weapons of expediency and force.

By means not dissimilar the Post-office authorities may be induced to supply telegraphic communication to thinly peopled districts, even though such communication may be worked at a loss; and it has even been affirmed as a principle, that so long as the department has a surplus it ought to be devoted to such extensions. But if this be true now, how much more so in the case supposed? The advantages conferred on a poor country by the extension of telegraphs are, after all, very limited, both with regard to the outlay of capital and to the transmission of intelligence. But if a certain amount of political pressure could secure to a population, however scanty,

and to a region, however barren, the enormous benefits of railway communication—the sale of land at an enhanced price, the augmented value of every building and every acre near which the line would pass, the vast outlay of capital in the construction of works, the means of conveyance of agricultural produce, of goods, of minerals, not to say of passengers—surely every part of the country would assert its claim, and would press that claim with an importunity and persistency which it might be hard, or even impossible, to resist.

Similarly, even the minor matters affecting local accommodation might become the parents of political agitation. ‘Every town in the country,’ said the Earl of Derby to Captain Tyler, ‘would come to the Government to ask a favour, which might be granted or refused at the option of Government?’ Captain Tyler, shrinking from the word ‘favour,’ replied: ‘do not think they would ask “favours;” but the department which managed the railways would see what extensions were required from time to time, and would carry them on as a matter of necessity, not as a matter of favour.’ ‘But presume,’ rejoined the earl, ‘that it would be a matter of “disfavour” if the traffic in one place were not accommodated as well as in another. You cannot lay down any such self-acting rules as would exclude the discretion of the executive.’

Other political difficulties in the Government administration of railways were pointed out to Captain Tyler by members of the Joint Committee, and he courageously endeavoured to overcome them—with what measure of success our readers shall judge for themselves.

Marquis of Salisbury: Do you not think that a locality which had the good fortune to be very evenly divided in politics would have a great advantage in controversies of this kind?

Captain Tyler: I think that railway management should be specially guarded against influence of that sort.

Marquis of Salisbury : In other words, you would have an independent council to govern this railway system ?

Captain Tyler : I would make them very independent ; more independent, perhaps, than any Government department is at this moment.

Marquis of Salisbury : Independent, in fact, of political changes ?

Captain Tyler : I do not say whether you could quite do that ; I apprehend that they would have to be presided over by some minister of the Crown.

Marquis of Salisbury : But they would not necessarily defer to his opinion ?

Captain Tyler : If I understand your lordship's objection, they would be so powerful that he would not be able to bring the influence of his constituents or the influence of his party to bear with any great effect upon their deliberations.

Marquis of Salisbury : So that their deliberations should have the power of overruling his wishes ?

Captain Tyler : Of course his wishes would be deferred in reasonable matters to the experienced men whom he would have around him, provided that they were a very influential and well-educated body with whom he had to do.

Marquis of Salisbury : Would you give them absolutely the power of overruling him or not ; because that is the point which we want to come to ?

Captain Tyler : Yes. I would give them the power of overruling him individually. I do not think that he should, as an individual, arbitrarily overrule their deliberations.

Marquis of Salisbury : If they were opposed to him on any particular point, their will, and not his, would have the way ; is that what you suggest ?

Captain Tyler : I think so.

Marquis of Salisbury : Do you think that that is a charge which is likely to be accepted by Parliament ?

Captain Tyler : That I am not aware of.

Marquis of Salisbury : You look at it as what you think the ideal state of things would be ?

Captain Tyler : As what it is desirable that it should be.

Marquis of Salisbury : Supposing you were told that it was impossible that Parliament should ever part with the control of any

such great department as that, would you then say that it is better that the State should take over the railways?

Captain Tyler: Yes, I should.

Marquis of Salisbury: With all the chances of political influence?

Captain Tyler: Yes; because I think that political influence might be very much guarded against by certain precautions?

Marquis of Salisbury: What sort of precautions would you suggest?

Captain Tyler: I think that the effect of political influence upon the management of railways has been a good deal overrated. In the first place, if one has to discuss the question, or has to consider how that political influence would be exercised, I suppose the first idea that would occur would be that it might be exercised in the appointment of officers in the service of the companies. You cannot appoint a man to a place worth several hundreds a year over a railway, to do railway work, unless he has been brought up to it; and in practice men have to enter the railway service at an early age, and gradually to rise to their work. Therefore I think there is not the opportunity for political jobbery in railway appointments which some people would at first sight expect.

Marquis of Salisbury: In the competition between two port towns, do you not think that the adjustment of rates might furnish a favourable field for political influence?

Captain Tyler: No doubt it might do so, if one port desired to get an advantage over another port, in the matter of rates.

Marquis of Salisbury: The port that returned a supporter of the minister might possibly find the rates more favourable than the port that did not?

Captain Tyler: Yes; but if the minister were acting with the aid of a very influential council I do not think he would come to them boldly, and tell them that his supporters being at such a port they must give advantages to that port over some other port, to which perhaps his predecessor's constituents more especially belonged.

Marquis of Salisbury: Supposing he did not do things so awkwardly as that, but allowed himself to be beaten in the House of Commons upon a discussion in favour of such a port; at all events you do not think that the exercise of political influence would countervail the great advantages which would be derived from State management?

Captain Tyler : I think, of course, all that would have to be very carefully worked out. It is the great difficulty, that of political influence, no doubt, and I have heard a great deal of it, and a great deal may be made of it ; but I think that with proper safeguards, after all, it would not be so bad as had been expected, and that it might be got over very much by good arrangements ; and that the disadvantages of it in practice might not be so great as to counter-balance the enormous advantages which I think would accrue if the whole of the railways belonged to the State.

But when, on so vital a matter, a Government *employé*, and so ardent an admirer of Government intervention, could only urge that 'after all, it would not be so bad as had been expected,' the prospect that is afforded is not assuring. 'The question of political pressure,' Captain Tyler added, 'is perhaps the greatest difficulty in the way of State purchase.'

'Suppose,' said a member of the Joint Committee, 'that a "Railmaster-General" was installed into office, that like the Postmaster-General he was a member of the Government, and that he had the control of the 400,000 officers and servants engaged on the Government railways, and suppose that a candidate for employment had voted for the Government, while his rival had voted against it, would it not be likely that political partizanship might qualify a judgment that ought to be influenced only by considerations of the efficiency of the service to be rendered ?'

Or let it be assumed that a poor district, with few railroads, was represented by ten members of Parliament, and that the Government for the time had only a small working majority, would there not be danger of the influence of those ten members being sufficient to induce the Government to make lines, even through a region of the Highlands, that could never yield a remunerative traffic ? Thus the whole administration of railway affairs—the construction of new lines, the appointment of officers and servants, the conduct of the traffic—and,

in a word, the trade and commerce of the country would be tainted with politics, and would be made more or less subservient to the exigencies of the administration of the day. And if so, it is not too much to say that England would not escape all the dangers from which the United States has suffered so long and so severely: the secret waters of corruption would flow, the foundations of society would be loosened, and costliness and inefficiency of service would spread on every hand. 'All governments,' recently remarked Professor Fawcett, 'try to strengthen their position by patronage; and the more patronage a Government has to bestow, the more will pecuniary and political corruption flourish.'

To all this it has been replied that the pressure of public opinion would secure the appointment of proper men to offices of responsibility, who would carry out everything without regard to political considerations. 'But suppose,' inquired Lord Redesdale, 'that there was *not* a proper man in the proper place, would not a great evil ensue? and suppose that by the exercise of his power, at the time of a general election, the Minister carried a large majority in favour of his own party, do you not think that that would be an objectionable thing?' 'It would,' was the inevitable reply. 'And do you not think that even if he were found out, the majority so carried would take care that he was acquitted?' The only remedy proposed for these evils was made by one of the witnesses before the committee—that all railway servants should be disfranchised; with the exception, we presume, of the 'Railmaster-General,' who, according to the theory of those who desire State interference, should be, like the Postmaster-General, a member of the Government. We may add, that to all these suggestions of the dangers that might arise from imputations of political favouritism to which the Railmaster-General might be exposed, Sir William Wright intimated that, as misgivings would be cherished by both parties in the State,

the two opposing suspicions would balance one another, and thus the scales of justice would be adjusted!

On the contrary, and with far sounder political sagacity, Mr. Hugh Mason, President of the Manchester Chamber of Commerce, has recently declared that he is opposed to the acquisition of railways by the State, not only on commercial, but on political grounds. 'The tendency of legislation at the present day,' he said, 'was already too much in the direction of centralization; and he therefore viewed with uneasiness the slightest prospect of the Government of the country obtaining the vast amount of political power and patronage which would necessarily follow the acquisition of railways by the State.' And even Mr. Biddulph Martin allows, 'that the habit of relying on co-operation either in the shape of limited partnership or Government aid, is a most enervating and pernicious national habit.' 'The consequences,' says *The Times*, 'of placing so vast an amount of patronage in the hands of the ministry of the day would be almost incalculable.'

We would also ask the reader to ponder well the consequences that would arise, *economically*, from a Government control of railways, to the commercial industry and enterprise of a country like England. Very grave were the tones of warning to which expression was given—where they were most suitably given—in a debate on this subject at a special meeting of the Manchester Chamber of Commerce.

By the State-ownership of the railways every tradesman and every traveller would be brought, in all his transactions, into what Sir Edward Watkin characterized as—

'A compulsory partnership with the State. I say compulsory partnership, because every day the railway service is becoming more and more an integral portion of almost every action or transaction of our lives; and therefore to arm the State with the power of regulating the whole movement of the population, the whole carriage of

goods, and all the varied transactions which railways involve, is just to say to every man who is a manufacturer, or to every man who moves about, that he must from that day forward be a partner with the State. What is the State? In this free country it simply means the party government of the day; and the moment you give the control of this vast system of carrying to the State, you practically hand over the management of railways to party government. Apart from any other political objection, is it sane, on plain economic grounds, to do this? Is it likely that the State will in any way equal the commercial management and efficient control which private enterprise at present exerts in the carrying on of our great system of transmission?

The whole theory of political economy, continued Sir Edward Watkin, is, that human action is based upon motives. Political economy assumes that 'motive is the parent of action, and the stronger the motives the more complete and successful the action. It is the great motives of emulation, competition, the desire to excel in the race and to win the prize, that has made this country great and free as it is in industry, science, learning and art.' While admitting such brilliant exceptions as are suggested by the names of Count Cavour and Sir Robert Peel, Sir Edward held that the reason why governmental management was not so good as private enterprise was because the motive is wanting. 'So long as that is wanting we can never have results maximized, and we can never be sure of the progression which ought still to mark our history. The proposition to hand over the railways to the State was simply a proposition to take the very soul out of industry by taking away the motive to excel, and was practically to hand over their management to the party government of the time.'

Similar convictions were expressed on the same occasion by other gentlemen of influence.

'It had been held in Manchester as a cardinal principle,' said Mr. Mitchell Henry, M.P., 'that the prosperity of the country must depend upon individual enterprise, and as a Manchester man he should be ashamed if it were possible that they should desire the Government to acquire the railways, in order to their greater success. At a time when commerce was flourishing, when this country stood as an example of order, peace, and prosperity to

all other countries, was it not astounding that we should propose to place the management of the railways in the hands of the Government?’

Similarly, Mr. Hugh Mason thought that the country owed an immense amount of its prosperity to the enterprise, skill, and wisdom with which our great railway system had been brought to its present state of perfection; and he was very much afraid that, if railways were thrown into the hands of the State, ‘We should have a much worse master to deal with than ‘with a Board of Directors.’ Mr. Chadwick, M.P., has also declared that he ‘dreaded anything in the shape of Government interference with the industry or the commercial operations of this country;’ and well might *The Times* speak gravely of ‘all the portentous mischiefs of commercial enterprise on so colossal a scale conducted by the State.’

In the light of these considerations, our readers will probably allow that the advantages that might accrue from Government possession of railways would be few and contingent, and that evils would arise that would be hazardous to the material and political interests of the country. We trust that, as one has wisely said, ‘our transit and our traffic, like our liberties, will ‘remain free and independent of Government and State ‘control; that this nation will refuse to rest on the rotten ‘support which all Government assistance to commercial undertakings in reality is;’ and that, like the Manchester Chamber of Commerce, it will ‘view with disfavour, both on economic ‘and political grounds, the project of the purchase and working of railways by the State.’

Nor ought we to conclude without a glance, however momentary, at some of the benefits which the present system of railway administration has conferred upon the country—benefits which it is difficult to exaggerate, and hardly possible to appreciate. Scarcely forty years have passed away since

